



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 16, 2005

H.R. 3408

A bill to reauthorize the Livestock Mandatory Reporting Act of 1999 and to amend the swine reporting provisions of that act

As ordered reported by the House Committee on Agriculture on July 27, 2005

SUMMARY

The legislation would extend the requirement for certain meat packers to report on business activities to the U.S. Department of Agriculture (USDA) through September 30, 2010. That requirement would otherwise expire on September 30, 2005. The information reported includes price, quantity, and terms of sale for domestic cattle, swine, lambs, and the meat products of such livestock. The bill would expand the information collected for certain types of pork products. CBO estimates that implementing this bill would cost USDA \$43 million over the 2006-2010 period, assuming appropriation of the necessary amounts. Enacting the bill would not affect direct spending and would have no significant impact on federal revenues.

H.R. 3408 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA), but CBO estimates that the mandate would impose no significant costs on state, local, or tribal governments. Thus, its costs would not exceed the threshold established in UMRA (\$62 million in 2005, adjusted annually for inflation).

By extending the reporting requirements in the Livestock Mandatory Reporting Act, H.R. 3408 would impose private-sector mandates as defined in UMRA on beef-, pork-, and lamb-packing plants. The bill also would expand the reporting requirement for pork-packing plants by requiring them to submit additional electronic price reports. Based on information provided by government and industry sources, CBO estimates that the aggregate direct costs of complying with the mandates would be less than \$5 million annually, and well below the annual threshold established by UMRA for private-sector mandates (\$123 million in 2005, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of the bill is shown in the following table. The costs of this legislation fall within budget function 350 (agriculture).

	By Fiscal Year, in Millions of Dollars					
	2005	2006	2007	2008	2009	2010
SPENDING SUBJECT TO APPROPRIATION						
Cost of Livestock Reporting Requirement Under Current Law						
Budget Authority ^a	7	0	0	0	0	0
Estimated Outlays	7	0	0	0	0	0
Proposed Changes						
Estimated Authorization Level	0	8	8	9	9	9
Estimated Outlays	0	8	8	9	9	9
Cost of Livestock Reporting Requirement Under H.R. 3408						
Estimated Authorization Level ^a	7	8	8	9	9	9
Estimated Outlays	7	8	8	9	9	9

a. The 2005 level is the amount appropriated for that year to the Agricultural Marketing Service, U.S. Department of Agriculture, for mandatory livestock reporting.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted near the end of 2005, that the necessary amounts will be appropriated for each fiscal year, and that outlays will follow historical patterns of spending by USDA's Agricultural Marketing Service (AMS).

The legislation would extend the authority to appropriate funds for AMS to administer the mandatory livestock reporting through 2010 and add additional reporting requirements for certain pork meat products. For 2005, the USDA received an appropriation of \$31 million for market news reporting, of which about \$7 million was used for collecting and reporting livestock data. CBO estimates that the additional reporting requirements would add about \$500,000 to the agency's annual costs. Based on the current budget and adjusting for anticipated inflation, CBO estimates that extending and expanding the mandatory livestock reporting program would cost \$8 million in 2006 and \$43 million over the 2006-2010 period.

Enacting the legislation would have a negligible effect on revenues, CBO estimates, by reauthorizing civil penalties for failure to comply with reporting requirements. The amount of revenues from such penalties is likely to be small.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 3408 contains an intergovernmental mandate as defined in UMRA because it would extend an existing mandate that otherwise will expire at the end of September 2005—a provision in the Livestock Mandatory Reporting Act of 1999 that prohibits state and local governments from imposing additional or conflicting requirements for livestock price reporting. CBO estimates that this preemption currently imposes no significant costs on those governments. Therefore, any costs imposed by H.R. 3408 also would not be significant and would be well below the threshold established in UMRA (\$62 million in 2005, adjusted annually for inflation). The bill would have no other significant impacts on the budgets of state, local, or tribal governments.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

By extending the reporting requirements in the Livestock Mandatory Reporting Act, H.R. 3408 would impose private-sector mandates as defined in UMRA on beef, pork, and lamb packing plants. The USDA's authority to require such reports from packing plants expires at the end of fiscal year 2005. This bill would extend that authority through fiscal year 2010. Among the current and proposed reporting requirements is an electronic pricing report required twice daily from packing firms that have slaughtered an average of 125,000 cattle, 100,000 swine, or 75,000 sheep in the past five years. Those plants also are currently required to submit an electronic pricing report that summarizes the weekly slaughter numbers and trading figures for each plant. Based on information provided by government and industry sources, CBO estimates that the aggregate costs for packers to comply with the reporting requirement would amount to \$1 million to \$3 million annually.

H.R. 3408 also would impose a new private-sector mandate on all pork-packing plants that slaughtered an average of 100,000 swine in the past five years by requiring those plants to submit an additional electronic price report on all sows and boars purchased. Based on information provided by government and industry sources, CBO expects that the aggregate costs for pork-packers to submit an additional electronic price report each reporting day would be less than \$1 million in fiscal year 2006.

Consequently, the combined cost of complying with the mandates in the bill would be well below the annual threshold established by UMRA for private-sector mandates (\$123 million in 2005, adjusted annually for inflation).

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